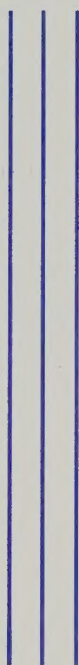



# *First Maritime Mining Corporation Limited*

*(No Personal Liability)*



*Nineteenth Annual Report*

*For the Year Ended December 31, 1971*



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# *First Maritime Mining Corporation Limited*

(No Personal Liability)

## DIRECTORS

L. F. DALEY, Q.C. .... Halifax, Nova Scotia  
R. J. ISAACS ..... Islington, Ontario  
W. D. MACAULAY, Q.C. .... Saint John, New Brunswick  
D. A. MACFARLANE ..... Saint John, New Brunswick  
L. McC. RITCHIE, Q.C. .... Saint John, New Brunswick

## OFFICERS

R. J. ISAACS ..... *Chairman of the Board*  
L. McC. RITCHIE, Q.C. .... *President*  
W. D. MACAULAY, Q.C. .... *Vice-President and Secretary*  
D. A. MACFARLANE ..... *Treasurer*  
MRS. M. JONES ..... *Asst. Secretary*

## TRANSFER AGENTS

GUARANTY TRUST COMPANY OF CANADA, ..... Toronto, Ontario  
AND C/O  
THE CENTRAL TRUST COMPANY OF CANADA,  
Fredericton, New Brunswick

## AUDITORS

MCDONALD, CURRIE & CO. .... Saint John, New Brunswick

## HEAD OFFICE

GOLDEN BALL BUILDING ..... Saint John, New Brunswick

## MINE OFFICE

GULLBRIDGE MINES ..... Gullbridge, Newfoundland



# *First Maritime Mining Corporation Limited*

(No Personal Liability)

## **DIRECTORS' REPORT TO THE SHAREHOLDERS:**

We are pleased to submit the audited financial statements of the Company and its subsidiary, Gullbridge Mines Limited, for the year ended December 31, 1971.

Earnings for the year 1971 were lower than the preceding year as described below and the directors, in the first week of December, decided to close the Gullbridge mine.

Operations at Gullbridge during the year were plagued by cave-ins and rockfall which resulted in a severe dilution in the grade of ore being mined and a reduction of the availability of higher grade ore. Every effort was made by the mine manager and his staff to adopt alternative procedures to improve the access to higher grade stopes but these efforts were hindered by the nature of the ore-body and the mine layout. Conversion of the mine waste pass system to an ore pass system was helpful in prolonging the period of operations. A combination of lower grade ore and decreased quantities of ore together with low copper prices forced the decision to terminate mining operations. While this decision was made without long-term notice to the mine employees, normal settlement pay was given in lieu of notice. Most employees have since been able to obtain alternative employment.

As a result of the Gullbridge shut down, the unamortized portion of pre-production expenses and other items have had to be entered in the accounts. These non-cash items have resulted in an increase in the loss per share from 28c in 1970 to 91c in 1971. This was reflected in a decrease of approximately \$726,000 in the consolidated working capital for the year.

As stated in note 3 to the financial statements, no provision has been made for the possible loss on realization of the Gullbridge fixed assets. Some possibility exists that the milling assets may be used at the existing site, in which event a return in excess of salvage value may be obtained. To date, the fixed assets have been mothballed and retained intact. Your directors also are alert to the possibility of selling the entire plant as a unit to other mining companies wishing to enter the production stage.

Your company has retained its investment in 1,933,353 shares of Brunswick Mining and Smelting Corporation Limited (Brunswick). In December 1971, Brunswick decided upon a financial reorganization which reduced its outstanding debt and increased its outstanding shares from 10 million to 34 million, in

part by an issue of rights to existing shareholders. This re-organization resulted in First Maritime receiving rights in January 1972 which were sold for \$40,235. The results of the operations of Brunswick for the first quarter of 1972, after giving effect to the re-financing, have been announced and show significant improvement in the company's profitability. It is hoped higher base metal prices will result in further improvement.

During 1971, your directors made the decision to abandon its mining properties situated adjacent to the No. 6 mine of Brunswick. Before doing so, the properties were offered to Brunswick who expressed no interest in them.

In August, 1971, applications were requested by the Province of New Brunswick to undertake the exploration and development of a salt-potash prospect in the Sussex area of New Brunswick. Your Company, together with Atlantic Coast Copper Corporation Limited, submitted an application to undertake this project, with the support of the Irving group of companies in Saint John, N.B. If the application is successful, your Company could earn a one-third interest in the project.

The directors wish to express their appreciation for the efforts of the mine employees at the Gullbridge Mine during a difficult year and acknowledge the hard work of the mine manager and his department heads.

On behalf of the Board,

L. McC. RITCHIE, President.



# First Maritime Mining Corporation

(No Person)

## CONSOLIDATED BALANCE SHEET

### ASSETS

	1971	1970
	\$	\$
<b>Current Assets</b>		
Cash .....	8,125	34,435
Net estimated amount receivable from sale of copper concentrates (note 2) .....	2,170,377	2,032,601
Accounts receivable (note 2) .....	27,809	29,148
Prepaid expenses .....	13,130	18,526
	<u>2,219,441</u>	<u>2,114,710</u>
<b>Investments</b>		
Shares in Brunswick Mining and Smelting Corporation Limited — 1,933,353 common shares at cost (quoted value \$5,510,056; 1970 - \$8,603,421) (note 5) .....	5,675,422	5,675,422
Shares in Little Bay Power Corporation Limited — a wholly owned subsidiary (note 1) .....	16,000	67,000
	<u>5,691,422</u>	<u>5,742,422</u>
<b>Fixed Assets (notes 3, 4 and 5)</b>		
Land, mining grants and mining licenses - at cost less amortization .....	11,979	138,216
Buildings, equipment and surface structures .....	2,611,404	3,749,242
	<u>2,623,383</u>	<u>3,887,458</u>
<b>Deferred Expenditures</b>		
Materials and supplies - at estimated realizable value .....	212,132	394,218
Preproduction expense .....	—	2,096,935
	<u>212,132</u>	<u>2,491,153</u>
	<u>10,746,378</u>	<u>14,235,743</u>

Signed on behalf of the Board:

L. McC. RITCHIE, Director.

D. A. MACFARLANE, Director.

# Limited and Subsidiary Companies

liability)

- AS AT DECEMBER 31, 1971

## LIABILITIES

	1971	1970
	\$	\$
<b>Current Liabilities</b>		
Bank advances - secured (note 2) .....	1,504,769	646,598
Accounts payable and accrued liabilities .....	304,345	266,365
Current portion of long-term debt .....	14,996	44,130
	<u>1,824,110</u>	<u>957,093</u>
 <b>Long-Term Debt</b>		
8 5/8 convertible debentures due December 31, 1973 - secured (note 5) .....	2,500,000	2,500,000
5 7/8% loan - Government of Canada, repayable in annual instalments of \$29,750, blended principal and interest, to March 1, 1983 (note 4) .....	251,139	265,303
Promissory notes - payable monthly to February 15, 1971 .....	—	29,967
	<u>2,751,139</u>	<u>2,795,270</u>
Less: Current portion included in current liabilities .....	14,996	44,130
	<u>2,736,143</u>	<u>2,751,140</u>

## SHAREHOLDERS' EQUITY

<b>Capital Stock (note 5)</b>		
Authorized —		
7,000,000 shares of \$1 par value		
Issued and fully paid —		
5,371,280 shares .....	5,371,280	5,371,280
<b>Contributed Surplus</b> .....	8,766,794	8,766,794
<b>Deficit</b> .....	(7,951,949)	(3,048,154)
<b>Excess of Cost over Book Value of Investment in Subsidiary Company</b> .....	—	(562,410)
	<u>6,186,125</u>	<u>10,527,510</u>
	<u>10,746,378</u>	<u>14,235,743</u>



# *First Maritime Mining Corporation Limited* *and Subsidiary Companies*

(No Personal Liability)

## **CONSOLIDATED STATEMENT OF EARNINGS AND DEFICIT**

For the year ended December 31, 1971

	1971 \$	1970 \$
<b>Income</b>		
Copper concentrate production .....	3,753,925	5,088,965
Less: Marketing costs .....	880,645	946,272
	<hr/> 2,873,280	<hr/> 4,142,693
<b>Operating Expenses</b> .....	3,187,903	3,269,982
	<hr/>	<hr/>
<b>Profit (Loss) on Operations before the undernoted items</b> .....	(314,623)	872,711
	<hr/>	<hr/>
Amortization of mining property .....	6,237	6,508
Depreciation of buildings, surface structures and equipment .....	1,249,138	1,214,601
Mine development expenses written off .....	657,332	684,624
Write-off of investment in subsidiary (note 1) .....	51,000	96,000
	<hr/> 1,963,707	<hr/> 2,001,733
	<hr/>	<hr/>
<b>Loss on Operations</b> .....	2,278,330	1,129,022
	<hr/>	<hr/>
<b>Financial Expense</b>		
Interest on debentures .....	215,625	215,625
Other interest .....	79,015	165,112
	<hr/> 294,640	<hr/> 380,737
	<hr/>	<hr/>
<b>Loss Before Extraordinary Items</b> .....	2,572,970	1,509,759
	<hr/>	<hr/>
<b>Extraordinary Items</b>		
Write-off of preproduction expense .....	1,556,283	—
Provision to reduce materials and supplies inventory to estimated realizable value .....	212,132	—
Write-off of excess of cost over book value of investment in subsidiary .....	562,410	—
	<hr/> 2,330,825	<hr/> —
	<hr/>	<hr/>
<b>Net Loss For The Year</b> .....	4,903,795	1,509,759
<b>Deficit — Beginning of Year</b> .....	3,048,154	1,538,395
	<hr/>	<hr/>
<b>Deficit — End of Year</b> .....	7,951,949	3,048,154
	<hr/>	<hr/>
<b>Loss Per Share</b>		
Loss before extraordinary items .....	.48	.28
Net loss for the year .....	.91	.28



# *First Maritime Mining Corporation Limited* *and Subsidiary Companies*

(No Personal Liability)

## **CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS**

For the year ended December 31, 1971

Source of Funds	1971 \$	1970 \$
From operations .....	—	491,974
Sale of fixed assets .....	23,866	63,249
Decrease in materials and supplies .....	—	14,840
Redemption of preferred shares in wholly owned subsidiary .....	—	25,000
	<hr/> 23,866	<hr/> 595,063
Use of Funds		
In operations .....	635,989	—
Purchase of fixed assets .....	135,166	247,338
Increase in preproduction expense .....	—	15,956
Repayment of promissory notes .....	—	29,967
Repayment of loan - Government of Canada .....	14,997	13,963
	<hr/> 786,152	<hr/> 307,224
Increase (Decrease) in Working Capital .....	(762,286)	287,839
Working Capital — Beginning of Year .....	1,157,617	869,778
	<hr/>	<hr/>
Working Capital — End of Year .....	<u>395,331</u>	<u>1,157,617</u>

# *First Maritime Mining Corporation Limited* *and Subsidiary Companies*

(No Personal Liability)

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 1971

### **1. Basis of Consolidation**

The consolidated financial statements include the account of Gullbridge Mines Limited and Gulmar Limited.

Little Bay Power Corporation Limited, a wholly owned subsidiary of Gullbridge, whose accounts were not consolidated with those of Gullbridge since its operations are of a different nature, has accumulated losses since acquisition of \$78,575. Write-offs of this investment in the accounts of Gullbridge since acquisition, including \$51,000 during the year, aggregate \$194,000.

### **2. Security For Bank Advances**

Book debts of the company's subsidiary, Gullbridge Mines Limited, have been pledged as security for bank advances.

### **3. Fixed Assets**

Gullbridge Mines Limited closed its mine on December 5, 1971. At this time it is not practical to estimate the amount of the provision required to reflect the realizable value of fixed assets of Gullbridge having a book value of \$2,480,574.

### **4. Buildings, Equipment and Surface Structures**

(a) Buildings, equipment and surface structures are comprised of:

	1971 \$	1970 \$
at Great Gull Lake and Wolf Cove —		
Buildings, equipment, other surface installations and wharf - at cost .....	6,632,989	6,729,474
Accumulated depreciation .....	4,164,392	3,133,810
	<u>2,468,597</u>	<u>3,595,664</u>
at Tilt Cove —		
Plant and equipment at net estimated realizable value .....	—	3,578
Power plant, at net estimated realizable value .....	142,807	150,000
	<u>142,807</u>	<u>153,578</u>
	<u>2,611,404</u>	<u>3,749,242</u>

(b) The cost of construction of the wharf at Wolf Cove amounting to \$291,316 was incurred by the Department of Public Works of the Government of Canada on behalf of the company, repayable by the company in annual instalments of \$29,750, blended principal and interest. Title to the wharf passes to the company upon repayment.



## 5. Long-Term Debt and Capital Stock

### (a) Convertible debentures —

1. The \$2,500,000 8½% convertible debentures are secured by a floating charge on the company's assets and by a first mortgage on the mining property and/or mining interest and fixed assets of the company's wholly-owned subsidiary, Gullbridge Mines Limited.

Written consent of not less than 80% of debenture holders must be obtained before the company can sell, mortgage or otherwise dispose of any shares of Brunswick Mining and Smelting Corporation Limited.

2. The holders of the \$2,500,000 8½% convertible debentures have the option of converting these into shares of the company on or before three business days prior to December 31, 1973, on the basis of one share for each \$2.00 principal amount of debentures — equivalent to 1,250,000 shares.

At December 31, 1971, sufficient shares of capital stock were reserved for issue on conversion of 8½% convertible debentures.

### (b) Outstanding agreement —

Falconbridge Nickel Mines Limited, under existing agreements, has the right to participate to the extent of one-third of any future financing which might be arranged by the company.

## 6. Income Taxes

The company and its subsidiary, Gullbridge Mines Limited, have available substantial deductions and allowances, the amount of which cannot be determined at this time, which may be used to reduce future years' taxes.

## 7. Remuneration of Directors and Senior Officers

Total remuneration paid or payable to directors and senior officers (including the five highest paid employees as defined in the Securities Act, 1966 Ontario) for 1971 amounted to \$83,939. J. D. Irving, Limited was paid \$34,731 for executive services. In addition, McKelvey, Macaulay, Machum & Fairweather, in which firm W. D. Macaulay, Q.C., is a partner, were paid \$4,408 for legal services; Daley, Black, Moreira and Piercey in which firm L. F. Daley, Q.C., is a partner were paid \$2,453 for legal services.

# McDONALD, CURRIE & CO.

CHARTERED ACCOUNTANTS

801 BRUNSWICK HOUSE  
SAINT JOHN, N. B., CANADA

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of First Maritime Mining Corporation Limited (No personal liability) and subsidiaries as at December 31, 1971 and the consolidated statements of earnings and deficit and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Subject to the fact that, as stated in note 3, fixed assets of Gullbridge Mines Limited are carried at amounts which may be in excess of realizable values, in our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

SAINT JOHN, N.B.,  
February 4, 1972.

McDONALD, CURRIE & CO.,  
Chartered Accountants.



# *First Maritime Mining Corporation Limited*

(No Personal Liability)

## **MINE MANAGER'S REPORT** \_\_\_\_\_ **on the Gullbridge Mine** \_\_\_\_\_

This report covers the operations of the mine for the year 1971.

### **Mine and Concentrator Operation:**

Production for the year is summarized below:

	1971	1970
Average daily tonnage .....	1,900	2,010
Total tons treated .....	693,607	723,715
Average grade of ore .....	0.62%	0.70%
Average copper recovery .....	92.06%	92.83%
Tons concentrate produced .....	17,203	19,099
Average concentrate grade .....	23.32%	24.85%
Total tons of copper in concentrates .....	4,012	4,675
Average price of copper marketed .....	48.30 c	67.58 c

<b>Mine Development:</b>	1971	To Date
#1 Shaft .....	—	1,080 feet
Stations .....	—	567 feet
Cross-cuts and Drifts .....	3,302 feet	50,396 feet
Raises .....	703 feet	14,111 feet

<b>Operating Costs:</b>	1971	1970
Average operating cost per dry ton of ore was as follows:		
Mining and development .....	\$2.06	\$2.09
Exploration .....	—	0.08
Stope preparation .....	0.35	0.33
Milling .....	1.27	1.09
General and administration .....	0.85	0.77
	<u>\$4.53</u>	<u>\$4.36</u>

To permit separate mining of the relatively undiluted upper part of No. 6 stope, a third scoop-tram was purchased and the headings on 250 level were widened to accommodate its operation. The waste pass below the 250 level was converted to an ore pass in connection with the scooptram operation.

#### **General:**

Excessive waste rock dilution, caused by failure of the wall racks in the upper part of the mine, adversely affected the production grade from several stopes. Toward the end of the year, production was limited to extraction from only the better grade stopes. However, the limited sources of better grade material were unable to sustain a profitable operation at prevailing copper prices, and operations were suspended on December 5, 1971. Following this, the removal of mine equipment and clean up operation in the concentrator began and continued into 1972.

#### **Acknowledgement:**

I wish to thank the President, Directors, and the Mine staff of the Company for their continued help and able assistance.

W. HOLLAND SMITH, B.A.Sc., P.Eng.,  
Mine Manager.







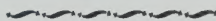


# First Maritime Mining Corporation Limited

(No Personal Liability)

HEAD OFFICE

Golden Ball Building, Saint John, New Brunswick



## NOTICE OF ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and general meeting of the shareholders of FIRST MARITIME MINING CORPORATION LIMITED (No Personal Liability) (the "Company") will be held at the Golden Ball Building, Saint John, New Brunswick, on Monday, the 21st day of June, 1971, at the hour of 10:30 o'clock in the forenoon (Saint John time) for the following purposes:

1. To receive and consider the financial statements of the Company for the year ended December 31, 1970, together with the report of the auditors on the said financial statements, and the report of the directors;
2. To consider and, if thought fit, confirm By-law No. 7 of the Company enacted by the Directors on June 25, 1970, respecting the creation of the office of Chairman of the Board of Directors;
3. To consider and, if thought fit, confirm By-law No. 9 of the Company enacted by the Directors on February 5, 1971 respecting the execution of documents;
4. To elect directors;
5. To appoint auditors and to authorize the directors to fix their remuneration;
6. To transact such other business as may properly come before the said meeting or any adjournment thereof.

DATED at Saint John, New Brunswick, this 19th day of May, 1971.

By Order of the Board,

WALLACE D. MACAULAY,

Secretary.



# First Maritime Mining Corporation Limited

(No Personal Liability)

## INFORMATION CIRCULAR

This circular is furnished in connection with the solicitation of proxies by or on behalf of the management of First Maritime Mining Corporation Limited (No Personal Liability) (hereinafter sometimes called the "Company") for use at the annual and general meeting of the shareholders of the Company to be held at Saint John, New Brunswick on Monday, the 21st day of June, 1971, for the purposes set forth in the foregoing notice of meeting.

## RIGHT OF REVOCATION

A shareholder executing the enclosed proxy has the power to revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing deposited either at the head office of the Company at any time up to and including the last business day preceding the day of the meeting or any adjournment thereof at which the proxy is to be used or with the secretary of such meeting on the day of the meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked.

## PERSONS MAKING SOLICITATION AND METHOD THEREOF

The enclosed proxy is solicited by the management of the Company and the cost of solicitation will be borne by the Company. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the Company at nominal cost.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Only shareholders of the Company of record at the time of the meeting will be entitled to vote at the meeting. Each share of the Company is entitled to one vote. The Company has only one class of shares. At May 19, 1971, the Company had outstanding 5,371,280 shares of \$1 par value, all as fully paid.

On the basis of information supplied to the Company on request made by it to each of its directors and senior officers and derived from the list of shareholders of the Company, the following are the names of all persons and companies which beneficially own directly or indirectly, equity shares carrying more than 10% of the voting rights attached to all equity shares of the Company, the approximate number of shares beneficially owned, directly or indirectly, by each such person or company and the percentage of outstanding equity shares of the Company represented by the number of shares so owned.

<u>Name</u>	<u>Approximate Number of Shares Owned</u>	<u>Class of Shares Owned</u>	<u>Percentage of Outstanding Equity Shares Represented</u>
Barclays (Nassau) Nominees Company Limited .....	2,368,575	Common	44.09%

## ELECTION OF DIRECTORS

There are presently five (5) directors of the Company. The shareholders at the annual meeting will be asked to elect five (5) directors.

The following are the names of the five persons for whom it is intended that votes will be cast for their election as directors pursuant to the proxy which is hereby solicited: L. F. Daley, Q.C., R. J. Isaacs, W. D. Macaulay, D. A. Macfarlane, and L. McC. Ritchie, Q.C.

The term of office for each director is from the date of the meeting at which he is elected until the annual meeting next following or until his successor is elected or appointed. In the event that prior to the annual meeting any vacancies occur in the slate of nominees submitted herewith, it is intended that discretionary authority shall be granted to vote the proxy for the election of any other person or persons as directors. The management is not presently aware that any of such nominees would be unwilling to serve as a director, if elected.



L. McC. Ritchie, Q.C., is the President of the Company, Mr. W. D. Macaulay is the Vice-President and Secretary and Mr. D. A. Macfarlane is the Treasurer of the Company at present.

#### INFORMATION CONCERNING NOMINEES AS DIRECTORS

<u>Name</u>	<u>Date became a Director</u>	<u>Number of shares beneficially owned</u>	<u>Principal occupation for last 5 years</u>
L. F. Daley, Q.C.	June 23, 1967	8,001	Partner, law firm of Daley, Black, Moreira & Piercey, Halifax, Nova Scotia.
R. J. Isaacs	December 15, 1952	101,580	Professional Engineer, President of R. J. Isaacs Engineering Limited.
W. D. Macaulay	July 25, 1966	1	Partner, law firm of McKelvey, Macaulay, Machum & Fairweather, Saint John, New Brunswick.
D. A. Macfarlane	June 25, 1970	10	Executive in the employ of J. D. Irving Limited; formerly Treasurer, Brunswick Mining and Smelting Corporation Limited.
L. McC. Ritchie, Q.C.	June 25, 1970	5	Barrister; formerly member of the New Brunswick Court of Appeal.

Under the provisions of the Companies Act of the Province of New Brunswick, R.S.N.B., 1952, c.33, when at a meeting of a company there is to be elected a full board of directors, and there are present, or represented by Proxy, and acting as a unit shareholders owning shares with voting rights bearing the same or a larger proportion to the whole allotted stock of the company with voting rights, that one director bears to the total number of directors, such shareholders acting as a unit shall have the right to elect one director, provided however, that a shareholder claiming the above right of election shall, prior to the taking of the vote for the election of the directors, deposit with the chairman or secretary of the meeting a written declaration under his hand stating his purpose of claiming these privileges. A shareholder claiming these privileges shall not vote at the election of any director at the said meeting except one for whom he is entitled to vote as provided above.

#### REMUNERATION OF MANAGEMENT

Total remuneration paid or payable to directors and senior officers (including the five highest paid employees as defined in the Securities Act, 1966, Ontario) for 1970 was \$89,108.

In addition, a fee for consulting engineering and managerial services amounting to \$22,000 was paid to R. J. Isaacs Engineering Limited of which R. J. Isaacs is a director and officer, Messrs. McKelvey, Macaulay, Machum & Fairweather, in which firm Mr. W. D. Macaulay is a partner, was paid \$11,935 for services and disbursements and Messrs. Daley, Black, Moreira and Piercey, in which firm Mr. L. F. Daley, Q.C., is a partner, was paid \$600 for legal services.

#### APPOINTMENT OF AUDITORS

It is intended to vote the proxy to appoint the firm of McDonald, Currie & Co., Chartered Accountants, Saint John, New Brunswick, as the auditors of the Company.



**PARTICULARS OF MATTERS TO BE ACTED UPON AND  
DISCRETIONARY AUTHORITY**

Management is not now aware that any matters will be submitted to the forthcoming annual and general meeting of shareholders other than the receipt and consideration of the financial statements, the confirmation of By-laws No. 7 and 9 enacted by the Directors on June 25, 1970 and February 5, 1971 respectively relating to the creation of the office of chairman of the Board of Directors and the execution of documents, the election of directors and the appointment of auditors, all as referred to in the foregoing notice of meeting. If any other matters not now known to management shall properly come before the meeting, including a vacancy or vacancies caused by one or more of the nominees for directors becoming unavailable for election, the accompanying proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy, and the discretionary authority necessary in such event is conferred by any person giving the proxy to management.

**MANNER OF VOTING PROXIES**

The shares represented by proxies received by the management will be voted, and will be voted in accordance with the statements made above. It is intended that the accompanying instrument of proxy, if signed, dated and returned to the Company prior to the meeting and completed in the names of the persons therein named, will be voted in favour of approval of the financial statements, in confirmation of By-laws No. 7 and 9, for the election of the proposed board of directors and in favour of the appointment of auditors aforesaid, all as set forth above.

The proxy provided by management affords shareholders the opportunity to specify a choice with respect to the confirmation of By-laws No. 7 and 9 referred to in the notice of meeting. Where the shareholder specifies a choice with respect to this matter, the shares represented by the proxy will be voted in accordance with the specification made. Where a choice is not so specified, it is the intention of management to vote the shares represented by the proxy in favour of confirmation of the said By-laws. Discretionary authority for so doing is understood to have been conferred upon management by the person giving the proxy.

THE PERSONS NAMED IN THE ACCOMPANYING INSTRUMENT OF PROXY ARE SHAREHOLDERS AND ARE OFFICERS AND/OR DIRECTORS OF THE COMPANY. A SHAREHOLDER HAS THE RIGHT TO APPOINT ANY PERSON OTHER THAN THOSE NAMED TO REPRESENT HIM AT THE MEETING. IF SO DOING AND USING THE ACCOMPANYING INSTRUMENT OF PROXY, HE SHOULD STRIKE OUT THE PRINTED NAMES AND INSERT THE NAME OF HIS NOMINEE IN THE SPACE PROVIDED THEREFOR. SUCH PROXY, IF APPOINTED BY AN INDIVIDUAL MUST BE ENTITLED ON HIS OWN BEHALF TO BE PRESENT AND VOTE AT THE MEETING, WHEREAS IF SUCH PROXY REPRESENTS A CORPORATION, HE NEED NOT BE SO ENTITLED. A SHAREHOLDER MAY SUBMIT ANY OTHER APPROPRIATE INSTRUMENT OF PROXY.

DATED this 19th day of May, 1971.

By Order of the Board of Directors,

WALLACE D. MACAULAY,

Secretary.